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UNITED STATES  
DEPARTMENT OF AGRICULTURE  
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UNITED STATES DEPARTMENT OF AGRICULTURE  
Rural Electrification Administration

September 1955

REA Loans to Help Consumers Buy Equipment Double in 1955

The Rural Electrification Administration made 77 "Section 5" loans totaling \$4,148,000 during fiscal year 1955 in 22 states and Alaska. This was double the number and dollar total of such loans in the previous 12 months.

Section 5 of the Rural Electrification Act authorizes REA loans to finance consumer purchases of electric wiring, appliances and equipment, water systems and plumbing. Loans are made to REA-financed electric distribution systems, which in turn lend to individual consumer-members. The individual loans finance purchases from local dealers, contractors and suppliers.

More than 17,000 rural consumers are expected to use the 1955 Section 5 loan funds. About \$2,600,000 is expected to go for new electrical appliances and equipment, both farm and home types; \$800,000 for farm water systems and plumbing, and \$800,000 for farmstead wiring and irrigation installations.

Including funds not drawn down from loans made prior to 1955, REA borrowers had available to them on June 30, \$4,813,504 for consumer financing.

REA limits Section 5 loans to areas where farmers cannot obtain suitable financing from local credit sources. Many of the loans are made to REA borrowers which find that revenues from sales of electricity are lagging behind their increased debt service needs. A Section 5 loan enables the borrower to work with dealers in financing the appliances and equipment needed by farm families. This in turn results in greater use of electricity and increased revenues for the REA borrowers.

In typical cases, the dealer handles all negotiations with the prospective buyer, including preparation of the credit application. If the buyer's loan application is accepted by the credit committee of the rural electric system, the dealer receives a check for the unpaid balance, usually 80 or 90 percent of the purchase price.

The purchaser makes all repayments direct to the cooperative. There is no carrying charge and simple interest usually at a rate of 4 percent is charged on the unpaid balance. The repayment schedule can be fitted to the farmer's income pattern, providing for monthly, quarterly, semi-annual or annual payments extending over as much as five years.

Reports from REA borrowers tell the substantial benefits of this low-cost and flexible financing to the rural electric system and to appliance and equipment dealers. Local dealers told a Florida borrower that sales to its members fell to an all-time low when it discontinued Section 5 loans. After the borrower resumed the program, sales picked up immediately.

Monthly average consumption on a Georgia rural electric system rose from 84 kilowatt hours in 1949, when it instituted a Section 5 loan program, to 240 kwh in December 1954. This borrower estimates that Section 5 loans have boosted electric energy sales by at least \$5,000 monthly.

The accompanying table provides data on all Section 5 loans approved by REA during fiscal 1955 and shows the balance available for advance to borrowers on June 30, 1955.

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USDA - REA  
(Sept. 1955)

Consumer Facilities (Section 5) Loan Data

BORROWER	Fiscal Year 1955 Loans						Loan funds available to borrower June 30, 1955*	Number of consumers served by borrower Dec. 31, 1954
	AMOUNT	Estimated number of consumers to use loan funds	Anticipated Use by Consumers					
			Wiring	Plumbing facilities	Home appliances and farm equipment	Irrigation equipment		
ALABAMA								
Pioneer Electric Cooperative Greenville	\$100,000	500	\$5,000	\$5,000	\$90,000	-	\$25,000	7,314
Southern Pine Electric Cooperative, Inc. Brewton	100,000	500	4,000	32,000	64,000	-	100,000	7,875
Tombigbee Electric Cooperative, Inc. Guin	50,000	200	-	10,000	40,000	-	35,000	4,214
ARIZONA								
Navopache Electric Cooperative, Inc. Lakeside	-	-	-	-	-	-	105,000	2,642
Mohave Electric Cooperative Kingman	-	-	-	-	-	-	10,000	496
ARKANSAS								
First Electric Cooperative Corporation Jacksonville	50,000	200	2,500	7,500	30,000	10,000	40,000	10,117
Arkansas Valley Electric Cooperative Corporation Ozark	-	-	-	-	-	-	17,500	11,449
C & L Rural Electric Cooperative Corporation Star City	200,000	950	6,000	14,000	120,000	60,000	100,000	8,554
North Arkansas Electric Cooperative Corporation Salem	238,000	1,500	-	35,000	203,000	-	100,000	6,259
Petit Jean Electric Cooperative Corporation Clinton	150,000	750	32,500	30,000	87,500	-	-	3,822
Riceland Electric Cooperative, Inc. Stuttgart	50,000	1,000	5,000	10,000	35,000	-	40,000	2,460
Ashley-Chicot Electric Cooperative, Inc. Hamburg	50,000	200	5,000	-	40,000	5,000	55,000	3,253
Rich Mountain Electric Cooperative Mena	20,000	50	3,000	1,000	10,000	6,000	17,000	2,165
CALIFORNIA								
Surprise Valley Electrification Corporation Alturas	-	-	-	-	-	-	10,000	2,094
FLORIDA								
Suwannee Valley Electric Cooperative, Inc. Live Oak	200,000	600	20,000	50,000	85,000	45,000	-	3,662
Peace River Valley Electric Membership Cooperative, Inc. Wauchula	50,000	200	500	500	40,000	9,000	65,000	2,761

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			Wiring	Plumbing facilities	Home appliances and farm equipment	Irrigation equipment		
FLORIDA (CONT'D)								
Talquin Electric Cooperative, Inc. Quincy	-	-	-	-	-	-	\$19,000	5,921
Withlacoochee River Electric Cooperative, Inc. Dade City	50,000	150	-	-	50,000	-	10,000	2,448
Gulf Coast Electric Cooperative, Inc. Wewahitchka	50,000	210	-	-	50,000	-	-	1,991
GEORGIA								
Satilla Rural Electric Membership Corporation Alma	50,000	200	-	-	50,000	-	50,000	12,010
Mitchell County Electric Membership Corporation Camilla	50,000	250	-	-	50,000	-	47,790	7,146
Jefferson County Electric Membership Corporation Louisville	50,000	200	10,000	15,000	25,000	-	49,999	6,085
Lamar Electric Membership Corporation Barnesville	-	-	-	-	-	-	7,397	3,437
Sawnee Electric Membership Corporation Cumming	100,000	400	10,000	40,000	50,000	-	155,000	5,409
Excelsior Electric Membership Corporation Metter	-	-	-	-	-	-	16,424	4,879
Okefenoke Rural Electric Membership Corporation Nahunta	50,000	125	2,000	10,000	28,000	10,000	20,000	3,680
Middle Georgia Electric Membership Corporation Vienna	50,000	350	5,000	5,000	40,000	-	53,964	3,473
Pataula Electric Membership Corporation Cuthbert	50,000	175	2,500	8,000	39,500	-	50,000	2,550
IDAHO								
Northern Lights, Inc. Sandpoint	150,000	300	7,500	7,500	75,000	60,000	100,000	2,860
ILLINOIS								
Southern Illinois Electric Cooperative Dongola	-	-	-	-	-	-	15,550	6,938
INDIANA								
Whitley County Rural Electric Membership Corporation Columbia City	-	-	-	-	-	-	4,024	3,780
Decatur County Rural Electric Membership Corporation Greensburg	50,000	135	5,000	24,000	21,000	-	50,000	2,803



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			Wiring	Plumbing facilities	Home Appliances and farm equipment	Irrigation equipment		
INDIANA (CONT'D)								
Orange County Rural Electric Membership Corporation Orleans	-	-	-	-	-	-	4,544	2,994
Southern Indiana Rural Electric Cooperative, Inc. Tell City	-	-	-	-	-	-	18,631	3,478
IOWA								
Plymouth Electric Cooperative Association Le Mars	20,000	100	5,000	5,000	5,000	5,000	20,000	2,657
South Crawford Rural Electric Cooperative Denison	25,000	75	5,000	-	20,000	-	25,000	2,408
Buena Vista County Rural Electric Cooperative Storm Lake	25,000	135	5,000	10,000	10,000	-	10,000	3,222
Pella Cooperative Electric Association Pella	-	-	-	-	-	-	3,000	1,360
Southern Iowa Electric Cooperative Bloomfield	-	-	-	-	-	-	18,679	3,479
Chariton Valley Electric Cooperative Albia	15,000	100	1,000	4,000	10,000	-	15,000	2,866
KENTUCKY								
Jackson County Rural Electric Cooperative Corporation McKee	-	-	-	-	-	-	7,358	12,617
Meade County Rural Electric Cooperative Corporation Brandenburg	-	-	-	-	-	-	50,000	6,563
Inter-County Rural Electric Cooperative Corporation Danville	-	-	-	-	-	-	17,807	8,225
Blue Grass Rural Electric Cooperative Corporation Nicholasville	-	-	-	-	-	-	3,053	3,212
Fleming-Mason Rural Electric Cooperative Corporation Flemingsburg	-	-	-	-	-	-	50,000	7,979
South Kentucky Rural Electric Cooperative Corporation Somerset	-	-	-	-	-	-	100,000	13,811
Cumberland Valley Rural Electric Cooperative Corporation Corbin	-	-	-	-	-	-	41,155	6,476
Big Sandy Rural Electric Cooperative Corporation Paintsville	50,000	250	2,500	7,500	40,000	-	-	3,873

## Consumer Facilities (Section 5) Loan Data

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			Wiring	Plumbing facilities	Home appliances and farm equipment	Irrigation Equipment		
MISSOURI								
Boone Electric Cooperative Columbia	-	-	-	-	-	-	20,268	3,628
Barton County Electric Cooperative Lamar	-	-	-	-	-	-	4,674	4,231
Ozark Border Electric Cooperative Poplar Bluff	50,000	500	25,000	-	25,000	-	40,000	12,482
Platte-Clay Electric Cooperative, Inc. Platte City	-	-	-	-	-	-	5,830	3,802
White River Valley Electric Cooperative Branson	-	-	-	-	-	-	2,516	7,565
MONTANA								
Fergus Electric Cooperative, Inc. Lewistown	-	-	-	-	-	-	4,626	2,588
Tongue River Electric Cooperative, Inc. Ashland	-	-	-	-	-	-	22,500	921
Lincoln Electric Cooperative, Inc. Eureka	-	-	-	-	-	-	16,712	1,030
NEW MEXICO								
Roosevelt County Electric Cooperative, Inc. Portales	100,000	250	-	-	67,500	32,500	399	2,568
Otero County Electric Cooperative, Inc. Cloudcroft	-	-	-	-	-	-	30,000	2,385
Mora-San Miguel Electric Cooperative, Inc. Mora	-	-	-	-	-	-	15,000	2,029
Sierra Electric Cooperative, Inc. Truth or Consequences	-	-	-	-	-	-	20,814	510
Springer Electric Cooperative Springer	-	-	-	-	-	-	15,000	2,080
The Socorro Electric Cooperative, Inc. Socorro	-	-	-	-	-	-	30,163	2,882
Southwestern Electric Cooperative Clayton	-	-	-	-	-	-	63,000	825
Jemez Mountains Electric Cooperative Espanola	-	-	-	-	-	-	138,000	5,416
NORTH CAROLINA								
Haywood Electric Membership Corporation Waynesville	100,000	365	5,000	10,000	85,000	-	50,000	4,124
Blue Ridge Electric Membership Corporation Lenoir	150,000	500	-	5,000	145,000	-	50,000	15,444

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			Wiring	Plumbing facilities	Home appliances and farm equipment	Irrigation equipment		
NORTH CAROLINA (CONT'D)								
Roanoke Electric Membership Corporation Rich Square	90,000	210	10,000	60,000	20,000	-	50,000	6,146
Davidson Electric Membership Corporation Lexington	50,000	157	2,000	13,000	35,000	-	50,000	7,430
Randolph Electric Membership Corporation Asheboro	50,000	300	5,000	20,000	15,000	10,000	40,229	6,492
Davie Electric Membership Corporation Mocksville	-	-	-	-	-	-	36,000	6,696
French Broad Electric Membership Corporation Marshall	50,000	200	2,500	7,500	40,000	-	3,134	12,295
Surry-Yadkin Electric Membership Corporation Dobson	-	-	-	-	-	-	53,748	6,629
Lumbee River Electric Membership Corporation Red Springs	-	-	-	-	-	-	111,374	7,239
Carteret-Craven Electric Membership Corporation Morehead City	45,000	400	15,000	15,000	15,000	-	25,000	3,131
Central Electric Membership Corporation Sanford	-	-	-	-	-	-	23,000	2,460
Woodstock Electric Membership Corporation Belhaven	-	-	-	-	-	-	45,000	2,376
Ocracoke Electric Membership Corporation Ocracoke	-	-	-	-	-	-	15,000	211
Cape Hatteras Electric Membership Corporation Buxton	25,000	100	-	-	25,000	-	5,000	557
Albermarle Electric Membership Corporation Hertford	-	-	-	-	-	-	10,000	2,432
NORTH DAKOTA								
Tri-County Electric Cooperative, Inc. Harrington	-	-	-	-	-	-	25,000	4,422
R.S.R. Electric Cooperative, Inc. Milnor	-	-	-	-	-	-	11,000	2,659
KEM Electric Cooperative, Inc. Linton	50,000	200	5,000	10,000	35,000	-	50,000	2,781
McKenzie Electric Cooperative Watford City	25,000	75	-	15,000	10,000	-	25,000	1,772
Sheyenne Valley Electric Cooperative, Inc. Finley	50,000	200	10,000	10,000	30,000	-	25,000	2,317



## Fiscal Year 1955 Loans

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			Wiring	Plumbing facilities	Home appliances and farm equipment	Irrigation equipment		
WISCONSIN (CONT'D)								
Vernon Electric Cooperative Westby	-	-	-	-	-	-	30,000	4,608
Jackson Electric Cooperative Black River Falls	-	-	-	-	-	-	63,953	2,357
Adams-Marquette Electric Cooperative Friendship	-	-	-	-	-	-	12,102	3,265
Jump River Electric Cooperative, Inc. Ladysmith	-	-	-	-	-	-	3,413	2,804
Price Electric Cooperative, Inc. Phillips	35,000	100	-	5,000	30,000	-	20,000	3,373
Waushara County Electric Cooperative, Inc. Wautoma	25,000	100	2,000	7,500	15,500	-	12,713	2,197
Bayfield Electric Cooperative, Inc. Iron River	30,000	125	5,000	5,000	20,000	-	30,000	3,044
Central Wisconsin Electric Cooperative Iola	-	-	-	-	-	-	35,309	1,959
ALASKA								
Matanuska Electric Association Palmer	-	-	-	-	-	-	10,318	1,073
Homer Electric Association Homer	-	-	-	-	-	-	10,000	285
Golden Valley Electric Association Fairbanks	50,000	150	15,000	15,000	20,000	-	50,000	1,787
TOTALS	\$4,148,000	17,272	356,950	791,100	2,602,450	397,500	\$4,813,504	599,598

\* Includes balance available from loans made in previous years.





